APPLICATION FOR EXEMPTION FROM AUDIT - *LONG FORM* - FOR GOVERNMENTS WITH REVENUES OR EXPENDITURES GREATER THAN $100,000 BUT NOT MORE THAN $500,000

Name of Government:	VDW Metropolitan District No. 2	For the Fiscal Year Ended December 31, 2007 or fiscal year ended:
Address:	2725 Rocky Mountain Avenue, Ste 200 Loveland, CO 80538	
Contact Person:	Jason Carroll	
Telephone:	303-779-5710	
E-Mail:	jason.carroll@cliftoncpa.com	
Fax:	720-482-6668	

Return to: Office of the State Auditor
Local Government Audit Division
225 E. 16th Ave., Suite 555
Denver, CO 80203
Fax: (303) 866-4062
Email: OSA.LG@state.co.us

Call (303) 866-3338 if you need help completing this form.

Section 29-1-604, C.R.S. outlines the provisions for an exemption from audit. Generally, any local government where neither revenues nor expenditures exceed $500,000 in any fiscal year qualify for an exemption.
If either revenues or expenditures are $100,000 or greater, but not more than $500,000, you may use this form. If both revenues and expenditures are less than $100,000 individually, use the short form application for exemption from audit.

Instructions:
In order to ensure that your government's application will be accepted by the Office of the State Auditor, you must do the following:

1. Prepare this form completely and accurately.
2. File this form with the Office of the State Auditor within **3 months** after the end of the fiscal year. For years ended December 31, the form **must** be received by the Office of the State Auditor by March 31.
3. The form **must** be completed by an independent accountant (separate from the entity) with knowledge of governmental accounting.
4. The application may be **mailed**, **faxed**, or **emailed** as indicated above. If faxed or emailed, a resolution of the governing board **must** accompany the application from exemption from audit in a format that includes the signatures of a majority of the governing body (see sample resolution). If mailed, an original plus one copy should be sent.
5. The **preparer must sign** the application that is submitted in order for it to be accepted.
6. Additional information may be attached to the exemption at the preparer's discretion.

CERTIFICATION OF PREPARER

I certify that I am an independent** accountant with knowledge of governmental accounting and that the information in the Application is complete and accurate to the best of my knowledge.

Name: Jason Carroll	Title: District Accountant
Firm Name: Clifton Gunderson LLP	
Firm Address: 8390 E. Crescent Parkway, Suite 600, Greenwood Village CO 80111	
Date Prepared: 3/6/08	Telephone Number: 303-779-5710

Signature: See Accountant's Compilation Report.

The Audit Law requires that a person independent of the entity complete the Application if revenues or expenditure are at least $100,000 but not more than $500,000. Please describe what your relationship is with the entity.**

CPA firm for the District

** Independent means someone who is separate from the entity.

PART 1 - Financial Statements - Balance Sheet

Ln #	Description	Governmental Funds: General Fund*	Governmental Funds: Fund*	Description	Proprietary/Fiduciary Funds: Fund*	Proprietary/Fiduciary Funds: Fund*
1	**Assets**			**Assets**		
2	Cash & Cash Equivalents	$ -	$ -	Cash & Cash Equivalents	$ -	$ -
3	Investments	$ -	$ -	Investments	$ -	$ -
4	Receivables	$ -	$ -	Receivables	$ -	$ -
5	Due from other Entities or Funds	$ -	$ -	Due from other Entities or Funds	$ -	$ -
6	Other Assets (specify)	$ -	$ -	Capital Assets, net (from Part 5)	$ -	$ -
7		$ -	$ -	Other Assets (specify)	$ -	$ -
8		$ -	$ -		$ -	$ -
9		$ -	$ -		$ -	$ -
10	**Total Assets** *(add lines 2 through 9)*	$ -	$ -	**Total Assets** *(add lines 2 through 9)*	$ -	$ -
11						
12	**Liabilities and Fund Equity**			**Liabilities and Fund Equity**		
13	**Liabilities**			**Liabilities**		
14	Accounts Payable	$ -	$ -	Accounts Payable	$ -	$ -
15	Accrued Payroll and Related Liabilities	$ -	$ -	Accrued Payroll and Related Liabilities	$ -	$ -
16	Accrued Interest Payable	$ -	$ -	Accrued Interest Payable	$ -	$ -
17	Due to other Entities or Funds	$ -	$ -	Due to other Entities or Funds	$ -	$ -
18				Proprietary Debt Outstanding (from Part 3)	$ -	$ -
19	Other Liabilities (specify)	$ -	$ -	Other Liabilities (specify)	$ -	$ -
20		$ -	$ -		$ -	$ -
21		$ -	$ -		$ -	$ -
22		$ -	$ -		$ -	$ -
23		$ -	$ -		$ -	$ -
24		$ -	$ -		$ -	$ -
25		$ -	$ -		$ -	$ -
26	**Total Liabilities** *(add lines 14 through 25)*	$ -	$ -	**Total Liabilities** *(add lines 14 through 25)*	$ -	$ -
27	**Equity**			**Equity**		
28				Investment in Capital Assets, Net of Debt	$ -	$ -
29	Fund Equity			Fund Equity		
30	Emergency Reserves	$ -	$ -	Emergency Reserves	$ -	$ -
31	Other Designations/Reserves	$ -	$ -	Other Designations/Reserves	$ -	$ -
32	Restricted	$ -	$ -	Restricted	$ -	$ -
33	Undesignated/Unreserved/Unrestricted	$ -	$ -	Undesignated/Unreserved/Unrestricted	$ -	$ -
34	**Total Equity** *(add lines 30 through 33 - this total should be the same as line 101 on page 4)*	$ -	$ -	**Total Equity** *(add lines 28 through 33 - this total should be the same as line 101 on page 4)*	$ -	$ -
35	**Total Liabilities and Equity** *(add lines 26 and 34- this total should be the same as line 10)*	$ -	$ -	**Total Liabilities and Equity** *(add lines 26 and 34- this total should be the same as line 10)*	$ -	$ -

Indicate Name of Fund

Note: Attach additional sheets as necessary.

Please Check the box below to indicate the basis of accounting used to complete this form:

[X] **Accrual Basis** [ ] **Cash Basis** **Is this a change from last year?** [ ] **Yes** [X] **No**

PART 2a - Financial Statements - Operating Statement - Revenue

		Governmental Funds			Proprietary/Fiduciary Funds		
		General Fund*	Fund*		Fund*	Fund*	Total of All Funds
36	**Revenues and Other Financing Sources**			**Revenues and Other Financing Sources**			
37	**Taxes**			**Taxes**			
38	**Property**	$ 167,478	$ -	**Property**	$ -	$ -	
39	**Specific Ownership**	$ 15,937	$ -	**Specific Ownership**	$ -	$ -	
40	**Sales and Use Tax**	$ -	$ -	**Sales and Use Tax**	$ -	$ -	
41	**Other (specify)**	$ -	$ -	**Other (specify)**	$ -	$ -	
42		$ -	$ -		$ -	$ -	
43		$ -	$ -		$ -	$ -	
44		$ -	$ -		$ -	$ -	
45	**Licenses and Permits**	$ -	$ -	**Licenses and Permits**	$ -	$ -	
46	**Intergovernmental**			**Intergovernmental**			
47	**Highway User Tax**	$ -	$ -	**Highway User Tax**	$ -	$ -	
48	**Mineral Leasing**	$ -	$ -	**Mineral Leasing**	$ -	$ -	
49	**Conservation Trust Fund (Lottery funds)**	$ -	$ -	**Conservation Trust Fund (Lottery funds)**	$ -	$ -	
50	**Community Development Block Grant**	$ -	$ -	**Community Development Block Grant**	$ -	$ -	
51	**Fire & Police Pension**	$ -	$ -	**Fire & Police Pension**	$ -	$ -	
52	**Other (specify)**	$ -	$ -	**Other (specify)**	$ -	$ -	
53		$ -	$ -		$ -	$ -	
54		$ -	$ -		$ -	$ -	
55	**Charges for Sales and Services**	$ -	$ -	**Charges for Sales and Services**	$ -	$ -	
56	**Rental Income**	$ -	$ -	**Rental Income**	$ -	$ -	
57	**Fines and Forfeits**	$ -	$ -	**Fines and Forfeits**	$ -	$ -	
58	**Interest/Investment Income**	$ 3,346	$ -	**Interest/Investment Income**	$ -	$ -	
59	**Tap fees**	$ -	$ -	**Tap fees**	$ -	$ -	
60		$ -	$ -	**Total Revenues** *(Add lines 38 through 59)*	$ -	$ -	
61		$ -	$ -				
62	**Other Financing Sources**			**Other Financing Sources**			
63	**Debt Proceeds**	$ -	$ -	**Debt Proceeds**	$ -	$ -	
64	**Proceeds from Sale of Capital Assets**	$ -	$ -	**Proceeds from Sale of Capital Assets**	$ -	$ -	
65	**Other (specify)**	$ -	$ -	**Other (specify)**	$ -	$ -	
66		$ -	$ -	**Total Other Financing Sources** *(Add lines 63 through 65)*	$ -	$ -	
67							
68	**Total Revenues and Other Financing Sources** *(Add lines 38 through 66)*	$ 186,761	$ -	**Total Revenues and Other Financing Sources** *(Add lines 60 and 66)*	$ -	$ -	$ 186,761

PART 2b - Financial Statements - Operating Statement - Expenditures

		Governmental Funds			Proprietary/Fiduciary Funds		
		General Fund*	Fund*		Fund*	Fund*	Total of All Funds
69	**Expenditures**			**Expenditures**			
70	General Government	$ -	$ -	General Operating & Administrative	$ -	$ -	
71	Judicial	$ -	$ -	Salaries	$ -	$ -	
72	Public Safety			Payroll Taxes	$ -	$ -	
73	Law Enforcement	$ -	$ -	Contract Services	$ -	$ -	
74	Fire	$ -	$ -	Employee Benefits	$ -	$ -	
75	Other (specify) Treasurer's fees	$ 3,355	$ -	Insurance	$ -	$ -	
76	Public Works			Accounting and Legal fees	$ -	$ -	
77	Highways & Streets	$ -	$ -	Repair and Maintenance	$ -	$ -	
78	Solid Waste	$ -	$ -	Supplies	$ -	$ -	
79	Other (specify)	$ -	$ -	Utilities	$ -	$ -	
80	Health	$ -	$ -	Other (specify)	$ -	$ -	
81	Culture and Recreation	$ -	$ -		$ -	$ -	
82	Other (specify)	$ -	$ -		$ -	$ -	
83	Capital Outlay	$ -	$ -	Capital Outlay	$ -	$ -	
84	Debt Service			Debt Service			
85	Principal	$ -	$ -	Principal	$ -	$ -	
86	Interest	$ -	$ -	Interest	$ -	$ -	
87	Bond Issuance Costs	$ -	$ -	Bond Issuance Costs	$ -	$ -	
88	Other (specify)	$ -	$ -	Other (specify)	$ -	$ -	
89	Transfer to VDW Metro District #1	$ 183,406	$ -		$ -	$ -	
90		$ -	$ -		$ -	$ -	
91	**Total Expenditures** *(Add lines 70 through 90)*	$ 186,761	$ -	**Total Expenditures** *(Add lines 70 through 90)*	$ -	$ -	$ 186,761
92	**Net Interfund Transfers In (Out)**	$ -	$ -	**Net Interfund Transfers In (Out)**	$ -	$ -	
93		$ -	$ -	**Accrual Basis Reconciling Items**			
94		$ -	$ -	**Other Financing Sources Total** *(from line 66)*	$ -	$ -	
95		$ -	$ -	**Depreciation**	$ -	$ -	
96		$ -	$ -	**Capital Outlay** *(from line 83)*	$ -	$ -	
97		$ -	$ -	**Debt Principal** *(from line 85)*	$ -	$ -	
98		$ -	$ -	**Total Reconciling Items** *(Line 96, plus 97, less line 94, less line 95)*	$ -	$ -	
99	**Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures** *(Line 68, plus line 92, less line 91)*	$ -	$ -	**Net Increase (Decrease) in Equity** *(Line 68, plus line 92, plus line 98 less line 91)*	$ -	$ -	
100	**Fund Equity, January 1** *(from December 31 prior year report)*	$ -	$ -	**Fund Equity, January 1** *(from December 31 prior year report)*	$ -		
101	**Fund Equity, December 31** *(add lines 99 and 100 - this total should be the same as line 34 in PART 1)*	$ -	$ -	**Fund Equity, December 31** *(add lines 99 and 100 - this total should be the same as line 34 in PART 1)*	$ -	$ -	

Note: Attach additional sheets as necessary.

Please Check the box below to indicate the basis of accounting used to complete this form:

[X] **Accrual Basis** [ ] **Cash Basis** **Is this a change from last year?** [ ] **Yes** [X] **No**

PART 3 - DEBT OUTSTANDING, ISSUED AND RETIRED

	Please answer the following questions by marking in the appropriate boxes.	Yes	No
3-1	Does the entity have debt?		X
If yes:	Is the debt repayment schedule attached? If no, please explain:		

Please complete the following debt schedule, if applicable	Outstanding at beginning of fiscal year	Total issued during fiscal year (add)	Total retired during fiscal year (less)	Total outstanding at fiscal year end	Governmental (G) or Proprietary (P)
General Obligation Bonds	$ -	$ -	$ -	$ -	
Revenue Bonds	$ -	$ -	$ -	$ -	
Notes/Loans	$ -	$ -	$ -	$ -	
Leases	$ -	$ -	$ -	$ -	
Other (specify):	$ -	$ -	$ -	$ -	
Total	$ -	$ -	$ -	$ -	

	Please answer the following questions by marking in the appropriate boxes.		Yes	No
3-2	Does the entity have authorized, but unissued debt?		X	
If yes:	How much?	$ 32,944,452		
	Date debt was authorized:	5/7/2002		
3-3	Does the entity intend to issue debt within the next calendar year (2008)?			X
If yes:	How much?	$ -		

	Please answer the following question by marking in the appropriate boxes.		Yes	No
3-4	Does the entity have defeased debt?			X
If yes:	What is the amount outstanding?	$ -		

	Please answer the following questions by marking in the appropriate boxes.		Yes	No
3-5	Does the entity have any lease agreements?			X
If yes:	What is being leased?			
	What is the original date of the lease?			
	Number of years of lease?			
	Is the lease subject to annual appropriation?			
	What are the entity's annual lease payments?	$ -		

PART 4 - CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR

		Checking Accounts	Savings Accounts	Certificates of Deposit	Investments (list below)	Total
4-1	Deposits	$ -	$ -	$ -		$ -
4-2	Investments				$ -	$ -
	Total					$ -

	List Investments by Type *(If investment is a mutual fund, please list underlying investments)*:	**Total**
4-2(a)		$ -
4-2(b)		$ -
4-2(c)		$ -
4-2(d)		$ -
	Total Investments	$ -

	Please answer the following questions by marking in the appropriate boxes.	Yes	No
4-3	Are the entity's deposits in an eligible (PDPA) public depository? (Section 11-10.5-101 et. Seq., C.R.S.) If no, please explain: No deposits but District does have PDPA #s.		X

PART 5 - CAPITAL ASSETS

		Beginning of the Year	Additions	Deletions	End of Year Balance	
5-1	**For Governmental Funds**					
	Land	$ -	$ -	$ -	$ -	
	Buildings	$ -	$ -	$ -	$ -	
	Machinery and Equipment	$ -	$ -	$ -	$ -	
	Furniture and Fixtures	$ -	$ -	$ -	$ -	
	Infrastructure	$ -	$ -	$ -	$ -	
	Accumulated Depreciation	$ -	$ -	$ -	$ -	
	Other	$ -	$ -	$ -	$ -	
	Total for Governmental Funds	$ -	$ -	$ -	$ -	
		Beginning of the Year	Additions	Deletions	End of Year Balance	
5-2	**For Proprietary Funds**					
	Land	$ -	$ -	$ -	$ -	
	Buildings	$ -	$ -	$ -	$ -	
	Machinery and Equipment	$ -	$ -	$ -	$ -	
	Furniture and Fixtures	$ -	$ -	$ -	$ -	
	Infrastructure	$ -	$ -	$ -	$ -	
	Accumulated Depreciation	$ -	$ -	$ -	$ -	
	Other	$ -	$ -	$ -	$ -	
	Total for Proprietary Funds	$ -	$ -	$ -	$ -	

	Please Answer the following questions by marking in the appropriate boxes.	**Yes**	**No**
5-3	Did the entity inventory the capital assets? (Section 29-1-506, C.R.S.)? If no, please explain: The District has no capital assets.		X

PART 6 - PENSION INFORMATION

	Please Answer the following questions by marking in the appropriate boxes.		**Yes**	**No**
6-1	Does the entity have an "old hire" fire pension plan?			X
6-2	Does the entity have a volunteer firemen's pension plan?			X
If yes:	Who administers the plan?			
	Indicate the contributions from:			
	Tax: (Property, SO, Sales, etc)	$ -		
	State Contribution Amount:	$ -		
	Other: (Gifts, Donations, etc)	$ -		
	What is your monthly benefit paid for 20 years of service per retiree as of Jan 1st?	$ -		

PART 7 - BUDGET INFORMATION

	Please Answer the following questions by marking in the appropriate boxes.	**Yes**	**No**
7-1	Did the entity file a 2007 budget with the Department of Local Affairs? If no, please explain:	X	

If yes: Please indicate the amount appropriated for each of your funds for 2007:

Fund Name	**Budgeted 2007 Expenditures**
General Fund	$ 193,195
	$ -
	$ -
	$ -

PART 8 - TABOR

	Please Answer the following questions by marking in the appropriate boxes.	Yes	No
8-1	Is the entity in compliance with all the provisions of TABOR? [State Constitution Article X, Section 20 (5)]? If no, please explain:	X	
	Note: An election to exempt the government from the spending limitations of TABOR does not exempt the government from the 3% emergency reserve requirement. In this case, you should see if the entity meets this requirement and check yes or no above.		

PART 9 - GENERAL INFORMATION

	Please Answer the following questions by marking in the appropriate boxes.	Yes	No
9-1	Is this entity a newly formed governmental entity?		X
9-2	Is this a metropolitan district?	X	
9-3	Please indicate what services are provided: Streets, Traffic and Safety, Water Facilities, Sanitary Sewer, Storm Drainage, Parks and Recreation, Transportation, Television Relay, and Mosquito Control.		
9-4	Does the entity have an agreement with another government entity to provide services?	X	
If yes:	List the name of the other government entity and the services provided: The District operates in conjunction with VDW Metropolitan Districts No. 1 & No. 3. No. 1 is the service District & No. 2 & No. 3 are the financing Districts		

PART 10 - GOVERNING BODY APPROVAL

We, the undersigned, certify that this Application for Exemption from Audit has been:

Prepared consistent with Section 29-1-604, C.R.S., which states that an application with revenues or expenditures at least $100,000 but not more than $500,000 **must** be prepared by an independent accountant with knowledge of governmental accounting.

Completed to the best of our knowledge and is **accurate** and **true**.

Reviewed and approved by a **majority** of the governing body

Note: Please list all current members of the governing body. In addition, original signatures must be provided for a majority of those listed.

1	Name (please print or type all current members of the governing body)	Date Term Expires	Original Signature (unless resolution is attached)
2	Joseph Knopinski	May-08	
3	Kim L. Perry	May-08	
4	Daniel Herlihey	May-08	
5	VACANT	May-10	
6	Philip Hodgkinson	May-10	
7			
8			